



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 386

Chairperson: Abbie Cornett
Committee: Revenue
Date of Hearing: March 20, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 386 repeals all sales exemptions on the sales of tangible personal property beginning on January 1, 2010. On January 1, 2015, unless the date is extended by the Legislature in the meantime, the current exemptions are reinstated. Through the repeal of sales tax exemptions, the balance of the state General Fund is increased significantly.

The bill distributes the surplus in the General Fund in the following ways:

1. ***The state sales tax rate is lowered from 5.5% to 4.73%*** on July 1, 2010. On July 1, 2015, unless the date is extended by the Legislature in the meantime, the sales tax rate would go back to the current rate. The bill does not change local sales tax rates nor restrict any increase in local sales tax receipts that might result under the bill.
2. The Property Tax Credit Act is funded with the amount needed to ***credit the total property tax liability of all property taxpayers on property tax statements*** mailed in 2010 for payment in 2011 and for the four years following that year, unless extended by the Legislature in the meantime. ***The total amount of property taxes due by property taxpayers for that five-year period would be \$0 each year.***
3. Beginning January 1, 2010 ***motor vehicle registration fees and taxes assessed when a motor vehicle is registered shall be \$0*** each year until January 1, 2015 when the current fees would be reinstated, unless extended by the Legislature in the meantime.
4. The ***corporate income tax rate*** for taxes due after January 1, 2010 until January 1, 2015 ***shall be \$0***. After that, the current rates are reinstated, unless extended in the meantime by the Legislature.

Principal Introducer:

Senator Rich Pahls